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IN THE UNITED STATES DISTRICT COURT  
FOR THE CENTRAL DISTRICT OF CALIFORNIA

HAND & NAIL HARMONY, INC.,  
and NAIL ALLIANCE, LLC,

Plaintiffs

vs.

INTERNATIONAL NAIL CO. d/b/a  
ROCKSTAR NAILS, and DOES 1-10,  
inclusive,

Defendants

CASE NO.: CV 15-02718 SJO (AJWx)  
**ORDER GRANTING PRELIMINARY  
INJUNCTION**  
Complaint Filed: May 6, 2015

On May 18, 2015, this Court conducted a show cause hearing, as ordered on May 6, 2015, pursuant to the Court’s Temporary Restraining Order (“TRO”), Order to Show Cause (“OSC”) Regarding Preliminary Injunction, and Order for Leave for Alternative Service. (ECF No. 12.) Plaintiffs Hand & Nail Harmony, Inc. (“Harmony”) and Nail Alliance, LLC (“Nail Alliance”) (collectively, “Plaintiffs”) appeared through their counsel of record, Todd M. Malynn of Feldman Gale, P.A. Defendant International Nail Co., d/b/a Rockstar Nails made no appearance, even though it was served as directed by the Court (*see* ECF No. 14) and, as reported by Plaintiffs’ counsel, received actual notice of the Court’s TRO and OSC re: Preliminary Injunction.

1        Upon review of Plaintiffs' Complaint, *Ex Parte* Application for Temporary  
2 Restraining Order and Motion for Order to Show Cause Regarding Preliminary  
3 Injunction (the "Application") (ECF No. 3), evidentiary submissions and supporting  
4 papers, the TRO, and having heard oral argument and GOOD CAUSE appearing  
5 therefore, the Court issues the following Orders:

6        **I.       FINDINGS OF FACT**

7        In the Complaint filed concurrently with the Application, Plaintiffs allege the  
8 following. Plaintiff Harmony creates, promotes, and sells high-quality nail care  
9 products and nail care accessories, including soak-off gel polishes ("Harmony  
10 Products") under the brand name "Gelish" and other trademarks ("Harmony  
11 Marks"). (*See* Compl. ¶¶ 3, 24-26, ECF No. 1.) Plaintiff Nail Alliance owns the  
12 Harmony Marks, and exclusively licenses the Harmony Marks to Harmony. (Compl.  
13 ¶¶ 10, 29.) The Harmony Marks are protected by multiple federal trademark  
14 registrations, as well as California common law, and the brand name of each Gelish  
15 color is protected under the Lanham Act. (Compl. ¶¶ 25, Ex. A, 27-28.) Further, the  
16 photographs of Harmony Products and product packaging used on Harmony's  
17 website, as well as other promotional material distributed by Harmony (the  
18 "Harmony Works"), are subject to United States Copyright Registrations and  
19 protected under federal law. (Compl. ¶¶ 36-38, Ex. B.)

20        Using a limited number of qualified distributors, Harmony sells Harmony  
21 Products to salons and boutiques throughout the world. (Compl. ¶ 8.) Plaintiffs  
22 carefully monitor and police the use of the Harmony Marks and Harmony Products,  
23 and Harmony's qualified distributors are contractually obligated to exclusively sell  
24 Harmony Products to salons and boutiques that are properly trained to apply its  
25 products. (Compl. ¶¶ 9, 32.) Harmony's distributor agreements also inform  
26 authorized distributors of Plaintiffs' policy against diversion and expressly prohibit  
27 the sale of Harmony Products to unauthorized distributors, re-distributors, and  
28

1 diverters, as well as the online sale of Harmony Products.<sup>1</sup> (Compl. ¶ 40.) This is  
 2 imperative because proper application of Gelish brand gel polish requires  
 3 application of base coat product, polish product, and top coat product, as well as  
 4 irradiation of each coat with ultraviolet light. (Compl. ¶ 9.) Application of Harmony  
 5 Products by a person without proper training and equipment yields uncured and  
 6 marred finishes. (Compl. ¶ 9.) Further, removal of the cured finishes by a person  
 7 without proper training can take excessive time, aggravate the user, or result in  
 8 bacterial infections of the nail bed that cause painful and permanent injuries, all of  
 9 which injure Harmony's goodwill and reduce Harmony's sales to salon customers.  
 10 (Compl. ¶¶ 9, 39.)

11 Harmony uses a number of domain names, including www.gelish.com and  
 12 www.nailharmony.com, to promote the Harmony Products. (Compl. ¶¶ 3, 35.)  
 13 Additionally, other domain names direct traffic to Harmony's domains. (Compl. ¶  
 14 3.) At an unspecified time, Defendants International Nail Co. d/b/a Rockstar Nails  
 15 ("Rockstar") and Does 1 through 10 ("Doe Defendants") (collectively,  
 16 "Defendants") registered in bad faith the domain name www.harmonygelish.co.uk  
 17 (the "Domain Name") to improperly associate themselves with Harmony and  
 18 unlawfully profit at the expense of Harmony. (Compl. ¶¶ 4, 14, 18, 43.)

19 Using the Domain Name, Defendants operate a website formed entirely of  
 20 copyrighted images and trademarks misappropriated from Harmony's website (the  
 21 "Website") in order to directly compete with Harmony and its authorized  
 22 distributors. (Compl. ¶ 4, 18, 49, 51-53, 55.) The singular purpose of the Website is  
 23 to sell unauthorized and infringing Harmony products (the "Merchandise") which  
 24 they knowingly obtained "in violation of [Harmony's] distributor agreements."  
 25 (Compl. ¶¶ 5, 49, 57.) In selling the Merchandise, Defendants do not concern

26 \_\_\_\_\_  
 27 <sup>1</sup> Harmony's distributor agreements prohibit the online sale of Harmony Products  
 28 precisely to "avoid, *inter alia*, sales to untrained or unskilled salons or individuals,  
 as well as any violation of the Hazardous Materials Transportation Act." (Compl.  
 ¶¶ 56-57.)

1 themselves with whether a salon or retail customer is trained or qualified to apply  
2 Harmony Products to an individual's nails, which in turn harms Harmony's brand  
3 and reputation and creates health risks for unsuspecting users of its products.  
4 (Compl. ¶¶ 5, 56.) Further, Defendants have "undertaken exceptional efforts" to  
5 hide their true identities by obliterating the serial numbers from the gel polish  
6 bottles sold on the Website so that Plaintiffs cannot determine which of its  
7 distributors is providing Harmony Products to Defendants. (Compl. ¶ 50.)

8 Plaintiffs also allege the following in information and belief. Rockstar  
9 engaged in bad faith, fraudulent and unlawful conduct by: (1) registering a domain  
10 name comprised of the Harmony Marks; and (2) providing false, inaccurate, or  
11 misleading information to its Registrar during the registration of the Domain Name.  
12 (Compl. ¶ 18.) Additionally, Rockstar and its owners, operators, and directors used  
13 false, inaccurate, or misleading information in order to conceal their identities while  
14 conducting their illegal activities using the Domain Name and Website. (Compl. ¶¶  
15 19, 50.) Finally, Doe Defendants, whose identities are unknown to Plaintiffs, have  
16 distributed, supplied, or sold the allegedly infringing Merchandise in violation of the  
17 law. (Compl. ¶ 20.) Plaintiffs maintain that there is no legitimate business purpose  
18 to Defendants' Website because it is designed exclusively to facilitate the "unlawful  
19 advertisement and sale of Infringing Merchandise." (Compl. ¶¶ 50, 59-60.)

20 Plaintiffs filed the instant lawsuit on April 13, 2015. In the Complaint,  
21 Plaintiffs bring six causes of action for: (1) cybersquatting pursuant to § 43(d) of the  
22 Lanham Act, 15 U.S.C. § 1125 (Compl. ¶¶ 62-69); (2) trademark infringement  
23 pursuant to § 32 of the Lanham Act, 15 U.S.C. § 1114 (Compl. ¶¶ 70-76); (3)  
24 trademark infringement pursuant to § 42 of the Lanham Act, 15 U.S.C. § 1125  
25 (Compl. ¶¶ 77-83); (4) copyright infringement, 17 U.S.C. §§ 501 *et seq.* (Compl. ¶¶  
26 84-94); (5) intentional interference with contractual relations or prospective business  
27 advantage (Compl. ¶¶ 95-105); and (6) unfair competition in violation of  
28

1 California's Unfair Competition Law ("UCL"), Cal. Bus. & Prof. Code §§ 17200 *et*  
 2 *seq.* (Compl. ¶¶ 106-11.)

3 In order to carry out the terms and intent of this Order, any Finding of Fact  
 4 contained herein may be deemed to be a Conclusion of Law and any Conclusion of  
 5 Law may be deemed to be a Finding of Fact. Based upon aforementioned Findings  
 6 of Fact, the Court makes the following Conclusions of Law.

## 7 **II. CONCLUSIONS OF LAW**

### 8 **A. Personal Jurisdiction**

9 Due to the ambiguity surrounding Defendants' location (Malynn Decl. ¶ 7;  
 10 Haile Decl. ¶ 19, ECF No. 5-1), and because "[a] district court must have personal  
 11 jurisdiction over a party before it can enjoin its actions," *Ins. Corp. of Ireland, Ltd.*  
 12 *v. Compagnie des Bauxites de Guinee*, 456 U.S. 694, 711 n.1 (1982), before turning  
 13 to the merits of the preliminary injunction, the Court addresses the issue of personal  
 14 jurisdiction. As a general matter, "[t]he plaintiff bears the burden of establishing  
 15 that the court has personal jurisdiction," *Fields v. Sedgwick Associated Risks, Ltd.*,  
 16 796 F.2d 299, 301 (9<sup>th</sup> Cir. 1986); *see also Ziegler v. Indian River Cnty.*, 64 F.3d  
 17 470, 473 (9<sup>th</sup> Cir. 1995) (citation omitted), and courts accept allegations in the  
 18 complaint as true for purposes of jurisdiction. *Fields*, 796 F.2d at 301 (citing *Pac.*  
 19 *Atl. Trading Co. v. M/V Main Express*, 758 F.2d 1325, 1327 (9<sup>th</sup> Cir. 1985)).

20 Here, the Complaint alleges that although Defendants' Domain Name is  
 21 registered to the Bismarck Address neither Rockstar Nails nor International Nail Co.  
 22 is registered to conduct business in North Dakota or organized under its laws.  
 23 (Compl. ¶¶ 14-15.) Further, when Plaintiffs retained an Investigator to purchase  
 24 Merchandise sold on the Website, the purchased goods included a Santa Monica,  
 25 California return address, and the terms and conditions on Defendants' website  
 26 purport to be "governed by the laws of the State of California." (Compl. ¶ 16.)

1 Based on the foregoing, Plaintiffs allege, on information and belief,<sup>2</sup> that "Rockstar  
 2 is a business entity" that "resides and operates within this judicial district in the State  
 3 of California." (Compl. ¶¶ 16, 22.) Because "[a] federal court can exercise general  
 4 personal jurisdiction as to persons domiciled within the forum state at the time the  
 5 action is commenced," *Lietzke v. Cnty. of Montgomery*, No. CV 06-01410 ST, 2006  
 6 WL 2947118, at \*2 (D. Or. Oct. 16, 2006) (citing *Milliken v. Meyer*, 311 U.S. 457  
 7 (1940)), such allegations are sufficient to establish personal jurisdiction.

8 Further, even assuming the Defendants are not California residents,<sup>3</sup> the Court  
 9 finds that Plaintiffs have sufficiently alleged facts establishing personal jurisdiction  
 10 for the following reasons. California's long-arm statute "allows courts to exercise  
 11 personal jurisdiction over defendants to the extent permitted by the Due Process  
 12 Clause of the United States Constitution." *Harris Rutsky*, 328 F.3d at 1129 (citing  
 13 Cal. Civ. Proc. Code § 410.10). Courts may exercise personal jurisdiction over a  
 14 non-resident defendant if the defendant has "at least 'minimum contacts' with the  
 15 relevant forum such that the exercise of jurisdiction 'does not offend traditional  
 16 notions of fair play and substantial justice.'" *Dole Food Co. v. Watts*, 303 F.3d 1104,  
 17 1110-11 (9th Cir. 2002) (citation omitted). Under the Ninth Circuit's three-prong  
 18 test, a court may exercise specific personal jurisdiction over a non-resident  
 19 defendant when: (1) the non-resident defendant purposefully directs his activities or  
 20 consummates some transaction with the forum or resident thereof; or performs some

21  
 22 <sup>2</sup> For allegations based upon "information and belief" to be facially plausible,  
 23 either the facts on which the allegations are based must be "peculiarly within the  
 24 possession and control of the defendant," or the belief must be based on factual  
 25 information that makes the inference of culpability plausible." *Vavak v. Abbott*  
 26 *Labs., Inc.*, No. CV 10-01995 JVS, 2011 WL 10550065, at \*2 (C.D. Cal. June 17,  
 2011) (quoting *Arista Records, LLC v. Doe*, 604 F.3d 110, 120 (2d Cir. 2010)).  
 Here, because Defendants have apparently undertaken efforts to conceal their  
 identities, the location of the Rockstar business entity is information "peculiarly  
 within the possession and control" of Defendants.

27 <sup>3</sup> At this Court's May 18, 2015 hearing, Plaintiffs' counsel represented that  
 28 Defendants' contact information, received from third party vendors PayPal and  
 Stamps.com, further support a finding that Defendants are residents of California  
 within this judicial district.

1 act by which he purposefully avails himself of the privileges of conducting activities  
2 in the forum, thereby invoking the benefits and protections of its laws; (2) the  
3 plaintiff's claim arises out of or relates to the defendant's forum-related activities;  
4 and (3) the forum's exercise of jurisdiction comports with fair play and substantial  
5 justice. *Schwarzenegger v. Fred Martin Motor Co.*, 374 F.3d 797, 802 (9th Cir.  
6 2004) (citation omitted).

7 "In the internet context, the Ninth Circuit utilizes a sliding scale analysis  
8 under which 'passive' websites do not create sufficient contacts to establish  
9 purposeful availment, whereas interactive websites may create sufficient contacts,  
10 depending on how interactive the website is." *Allstar Mktg. Grp., LLC v. Your Store*  
11 *Online, LLC*, 666 F. Supp. 2d 1109, 1121 (citations and quotation marks omitted).  
12 While "'passive' websites . . . merely display information, such as an advertisement .  
13 . . 'interactive' websites . . . function for commercial purposes and [allow] users [to]  
14 exchange information." *Am. Auto. Ass'n, Inc. v. Darba Enters., Inc. ("AAA")*, No.  
15 CV 09-00510 SI, 2009 WL 1066506, at \*4 (N.D. Cal. Apr. 21, 2009) (citations  
16 omitted). Thus, "[p]ersonal jurisdiction is appropriate 'when an entity is conducting  
17 business over the internet.'" *Id.* (quoting *Stomp, Inc. v. NeatO, LLC*, 61 F. Supp. 2d  
18 1074, 1078 (C.D. Cal. 1999)).

19 Here, Plaintiffs allege that "Defendants are subject to personal jurisdiction in  
20 this judicial district because they direct business activities toward and conduct  
21 business with consumers within the State of California . . . through . . . the fully  
22 interactive commercial Internet website [www.harmonygelish.co.uk](http://www.harmonygelish.co.uk)." (Compl. ¶ 22.)  
23 Accepting Plaintiffs' allegations as true, *see Fields*, 796 F.2d at 301, the Court finds  
24 that Plaintiffs have established that Defendants purposefully availed themselves of  
25 the privileges of conducting business in California by directing business toward and  
26 conducting business with customers in California via the Website. *See*  
27 *Schwarzenegger*, 374 F.3d at 802; *Stomp*, 61 F. Supp. 2d at 1078.

1 Plaintiffs have also established the second prong for personal jurisdiction: that  
 2 "the claim asserted in the litigation arises out of [the] defendant's forum related  
 3 activities." *Panavision Int'l, L.P. v. Toepfen*, 141 F.3d 1316, 1322 (9th Cir. 1998).  
 4 When examining this prong, courts "must determine whether plaintiff would not  
 5 have been injured but for defendant's forum-related activities." AAA, 2009 WL  
 6 1066506, at \*5 (citing *Panavision*, 141 F.3d at 1322). Here, Plaintiffs allege that  
 7 Defendants have used the Website, which advertise the allegedly infringing  
 8 Merchandise using Harmony's registered copyrights, to conduct business with  
 9 California consumers. (Compl. ¶¶ 22, 51-52.) Further, Defendants' Website has  
 10 harmed Plaintiffs' brands, reputation, and relationships with its authorized  
 11 distributors and customers by permitting its products to be sold to untrained,  
 12 unqualified persons, thereby increasing the risk of customer dismay and injury. (*See*  
 13 Compl. ¶¶ 5-6, 40.) Finally, Plaintiffs maintain that by selling the allegedly  
 14 infringing Merchandise, Defendants are in "direct competition with Plaintiffs and  
 15 authorized distributors." (Compl. ¶ 55.) Based on the foregoing, the Court finds that  
 16 Plaintiffs have established that they would not have been harmed but for  
 17 Defendants' forum-related activities. *See* AAA, 2009 WL 1066506, at \*5.

18 Finally, based on the foregoing, the Court finds that the exercise of personal  
 19 jurisdiction over Defendants would be reasonable based on the factors articulated by  
 20 the Ninth Circuit in *Panavision*.<sup>4</sup> Because the burden is on Defendants to "present a  
 21 compelling case that the presence of some other considerations would render  
 22 jurisdiction unreasonable," *Core-Vent Corp. v. Nobel Indus. AB*, 11 F.3d 1482, 1487  
 23  
 24

25 <sup>4</sup> Those factors are: "(1) the extent of a defendant's purposeful interjection; (2) the  
 26 burden on the defendant in defending in the forum; (3) the extent of conflict with the  
 27 sovereignty of the defendant's state; (4) the forum state's interest in adjudicating the  
 28 dispute; (5) the most efficient judicial resolution of the controversy; (6) the  
 importance of the forum to the plaintiff's interest in convenient and effective relief;  
 and (7) the existence of an alternative forum." *Panavision*, 141 F.3d at 1323 (citing  
*Burger King Corp. v. Rudzewicz*, 471 U.S. 462, 476-77 (1985)).

(9th Cir.1993),<sup>5</sup> and because there is no indication at this time that the exercise of personal jurisdiction over Defendants, who Plaintiffs allege are California residents, (Compl. ¶¶ 22-23), would be unreasonable, the Court finds that Plaintiffs have established that the Court has personal jurisdiction over Defendants.

## **B. Preliminary Injunction Analysis**

To obtain preliminary injunctive relief, the moving party must show: (1) a likelihood of success on the merits; (2) a likelihood of irreparable harm to the moving party in the absence of preliminary relief; (3) that the balance of equities tips in favor of the moving party; and (4) that an injunction is in the public interest. *Winter v. Natural Res. Def. Council, Inc.*, 555 U.S. 7, 20 (2008); *see also Save Our Sonoran, Inc. v. Flowers*, 408 F.3d 1113, 1120 (9th Cir. 2005). The Ninth Circuit also employs an alternative, sliding scale test whereby the existence of "serious questions going to the merits and a balance of hardships that tips sharply towards the plaintiff can support issuance of a preliminary injunction, so long as the plaintiff also shows that there is a likelihood of irreparable injury and that the injunction is in the public interest." *Alliance for the Wild Rockies v. Cottrell*, 632 F.3d 1127, 1135 (9th Cir. 2011) (internal quotation marks omitted).

### **1. Likelihood of Success on the Merits**

"A preliminary injunction is an extraordinary remedy never awarded as of right." *Winter*, 555 U.S. at 9. As a result, a plaintiff seeking injunctive relief must demonstrate a "likelihood of success on the merits." *Munaf*, 553 U.S. at 676 (internal quotations marks omitted) (citation omitted). Such an inquiry, in turn, looks at the "probable outcome [of plaintiff's claim] on the merits." *Mayo v. U.S. Gov't Printing Office*, 839 F. Supp. 697, 700 (N.D. Cal. 1992). Here, Plaintiff's request for a preliminary injunction centers on its claims for copyright and

<sup>5</sup> As of the May 18, 2015 show cause hearing, Defendants have been noticed through the Court's authorized alternative service, (*see* ECF No. 14), but have not appeared or objected to this Court's exercise of personal jurisdiction over them.

1 trademark infringement, cybersquatting, and unfair competition.<sup>6</sup> (*See generally*  
 2 Compl.; Mem.) Thus, the Court must determine whether Plaintiffs are likely to  
 3 succeed on the merits of these claims.

#### 4 **a. Copyright Infringement**

5 "Plaintiffs must satisfy two requirements to present a prima facie case of  
 6 direct [copyright] infringement: (1) they must show ownership of the allegedly  
 7 infringed material and (2) they must demonstrate that the alleged infringers  
 8 violate[d] at least one exclusive right granted to copyright holders under 17 U.S.C. §  
 9 106." *A&M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004, 1013 (9<sup>th</sup> Cir. 2001).  
 10 Under 17 U.S.C. § 106, "the owner of copyright . . . has the exclusive right[] to  
 11 [reproduce] and to authorize [others] . . . to reproduce the copyrighted work in  
 12 copies." 17 U.S.C. § 106(1).

13 Harmony's copyright registrations demonstrate that it is owner of the  
 14 allegedly infringed material. (Haile Decl. ¶ 14; *see generally* Mem. Ex. B  
 15 ("Copyright Registrations").) Additionally, Defendants have reproduced dozens of  
 16 Harmony Works on their Website, (*see* Malynn Decl. ¶ 3; Mem. Ex. C), infringing  
 17 upon Harmony's exclusive right to reproduce its copyrighted works. *See* 17 U.S.C. §  
 18 106(a). Thus, Plaintiffs have establish a prima face case of direct copyright  
 19 infringement. *See Napster, Inc.*, 239 F.3d at 1013.

20 Notably, "the fair use of a copyrighted work, including . . . copies . . . for  
 21 purposes such as criticism, comment, news reporting, teaching (including multiple  
 22 copies for classroom use), scholarship, or research, is not an infringement of  
 23 copyright." 17 U.S.C. § 107 (emphasis added); *see also Napster*, 239 F.3d at 1014.

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26 <sup>6</sup> Because the injunctive relief Plaintiffs seek is available for (1) trademark  
 27 infringement, 15 U.S.C. § 1116(a), (2) copyright infringement, 17 U.S.C. § 502, and  
 28 (3) unfair competition in violation of the UCL, *Korea Supply Co. v. Lockheed*  
*Martin Corp.*, 29 Cal. 4th 1134, 1144 (2003), the Court limits its analysis to the  
 merits of these claims.

1 In determining whether an alleged infringer's use of a copyrighted work is "fair use",  
 2 courts consider:

- 3 (1) [T]he purpose and character of the use, including whether such use  
 4 is of a commercial nature or is for nonprofit educational purposes;
- 5 (2) the nature of the copyrighted work;
- 6 (3) the amount and substantiality of the portion used in relation to the  
 7 copyrighted work as a whole; and
- 8 (4) the effect of the use upon the potential market for or value of the  
 9 copyrighted work.

10 17 U.S.C. § 107.

11 Here, Defendants are using the Harmony Works reproduced on the Website  
 12 for the commercial purpose of selling allegedly infringing Merchandise outside of  
 13 Harmony's authorized distributor network. (*See* Haile Decl. ¶¶ 16, 18, 22-23;  
 14 Fernandez Decl. ¶¶ 3-5; Malynn Decl. ¶¶ 2-4.) Further, the Website "appears  
 15 exclusively dedicated to selling Harmony [Products]" because the Website "shows  
 16 no other competitor's nail care products advertised or offered for sale." (Malynn  
 17 Decl. ¶ 4.) Finally, Defendants' use of the Harmony Works to sell unauthorized  
 18 Harmony Products at the allegedly infringing Domain Name is harming the value of  
 19 the copyrighted works by: (1) alienating Harmony's authorized distributors; and (2)  
 20 increasing the risk that consumers will come to associate Harmony products with  
 21 unsafe or poor quality nail care products. (*See* Haile Decl. ¶¶ 3, 9-10, 18, 20, 22-23.)  
 22 Based on the foregoing, the Court concludes that Defendants' use of the Harmony  
 23 Works does not constitute "fair use," and that Plaintiffs are likely to succeed on the  
 24 merits of their copyright infringement claim. *See Munaf*, 553 U.S. at 676.

#### 25 **b. Cybersquatting**

26 "[C]ybersquatting occurs when a person other than the trademark holder  
 27 registers the domain name of a well known trademark and then attempts to profit  
 28 from this . . . by using the domain name to divert business from the trademark

holder to the domain name holder." *Bosley Med. Inst., Inc. v. Kremer*, 403 F.3d 672, 680 (9th Cir. 2005) (citing *DaimlerChrysler v. The Net Inc.*, 388 F.3d 201, 204 (6th Cir. 2004)). "In 1999, Congress passed the Anticybersquatting Consumer Protection Act ('ACPA'), 15 U.S.C. § 1125(d), as an amendment to the Lanham Act to prohibit cybersquatting." *Bosley*, 403 F.3d at 680. The ACPA provides that:

A person shall be liable in a civil action by the owner of a mark, including a personal name which is protected as a mark under this section, if, without regard to the goods or services of the parties, that person—

(i) has a bad faith intent to profit from that mark, including a personal name which is protected as a mark under this section; and

(ii) registers, traffics in, or uses a domain name that—

(I) in the case of a mark that is distinctive at the time of registration of the domain name, is identical or confusingly similar to that mark;

(II) in the case of a famous mark that is famous at the time of registration of the domain name, is identical or confusingly similar to or dilutive of that mark; or

(III) is a trademark, word, or name protected by reason of section 706 of Title 18 or section 220506 of Title 36.

15 U.S.C. § 1125(d)(1)(A). Thus, under the ACPA, depending on whether the mark is "distinctive" or "famous," a cybersquatter is liable to the owner of a protected mark if the cybersquatter has "a bad faith intent to profit from that mark . . . and registers, traffics in, or uses a domain name" that is: (1) "identical or confusingly similar" to a distinctive mark; or (2) "identical or confusingly similar to or dilutive" of a famous mark. *Interstellar Starship Servs., Ltd. v. Epix, Inc.*, 304 F.3d 936, 946 (9th Cir. 2002); 15 U.S.C. § 1125(d)(a)(A).

"A finding of 'bad faith' is an essential prerequisite to finding an ACPA violation." *Interstellar*, 304 F.3d at 946. Congress has enumerated nine factors

1 which courts may consider in determining whether a person has a bad faith intent.  
 2 *See* 15 U.S.C. § 1125(d)(1)(B)(i). These include, among other things: (1) "the  
 3 trademark or other intellectual property rights of the person, if any, in the domain  
 4 name"; (2) "the person's intent to divert consumers from the mark owner's online  
 5 location to a site . . . that could harm the goodwill represented by the mark, either  
 6 for commercial gain or with the intent to tarnish or disparage the mark, by creating a  
 7 likelihood of confusion as to the source, sponsorship, affiliation, or endorsement of  
 8 the site"; and (3) "the person's provision of material and misleading false contact  
 9 information when applying for the registration of the domain name." 15 U.S.C. §  
 10 1125(d)(1)(B)(i)(I), (V), (VII). This list of factors is non-exhaustive, and "the most  
 11 important grounds for finding bad faith are the unique circumstances of the case,  
 12 which do not fit neatly into the specific factors enumerated by Congress."  
 13 *Interstellar*, 304 F.3d at 946-47 (citation and quotation marks omitted).

#### 14 **i. Distinctiveness**

15 "Distinctiveness is . . . required to sustain an ACPA claim." *Lahoti v.*  
 16 *VeriCheck, Inc.*, 586 F.3d 1190, 1197 (9th Cir. 2009). While "[d]eciding whether a  
 17 mark is distinctive or merely descriptive 'is far from an exact science' . . . the  
 18 'primary criterion' for distinguishing between a suggestive and a descriptive mark 'is  
 19 the imaginativeness involved in the suggestion, that is, how immediate and direct is  
 20 the thought process from the mark to the particular product.'" *Id.* at 1198 (citing  
 21 *Self-Realization Fellowship Church v. Ananda Church of Self-Realization*, 59 F.3d  
 22 902, 911 (9th Cir. 1995)). Thus, "[a] mark is suggestive if imagination or a mental  
 23 leap is required in order to reach a conclusion as to the nature of the product being  
 24 referenced," *Lahoti*, 586 F.3d at 1197 (citation and quotation marks omitted), but is  
 25 merely descriptive if it "define[s] a particular characteristic of the product in a way  
 26 that does not require any exercise of the imagination." *Yellow Co. of Sacramento v.*  
 27 *Yellow Cab of Elk Grove, Inc.*, 419 F.3d 925, 927 (9th Cir. 2005).

1 Here, Plaintiffs argue that the Harmony Marks, including Gelish, are  
 2 distinctive.<sup>7</sup> (Mem. 16.) Indeed, several of the Harmony Marks are registered with  
 3 the United States Patent and Trademark Office ("PTO"), (*see generally* Compl. Ex.  
 4 A ("Trademark Registrations"), and "[r]egistered trademarks are presumed to be  
 5 distinctive and should be afforded the utmost protection." *Americana Trading Inc. v.*  
 6 *Russ Berrie & Co.*, 966 F.2d 1284, 1287 (9th Cir. 1992) (citation omitted). Further,  
 7 the Court finds that those Harmony Marks that are not registered with PTO are  
 8 distinctive because the marks "Harmony," "Hand & Nail Harmony," and "Gelish,"  
 9 require imagination and a mental leap in order to discern that nature of the product  
 10 being offered: soak-off polish and nail care accessories. *See Lahoti*, 586 F.3d at  
 11 1197. This is not a situation where the mark at issue is merely descriptive, such as a  
 12 restaurant chain called "Delicious Foods" or a clothing company called "Ready  
 13 Wear," *id.*, because there is nothing inherently "harmonious" about gel polish or  
 14 other nail care accessories. Based on the foregoing, the Court finds that the  
 15 Harmony Marks are sufficiently distinctive to sustain an ACPA claim. *See id.*

16 **ii. Identical or Confusingly Similar Domain**  
 17 **Name**

18 "[T]he [Lanham] Act is designed to protect consumers who have formed  
 19 particular associations with a mark from buying a competing product using the same  
 20 or substantially similar mark and to allow the mark holder to distinguish his product  
 21 from that of his rivals." *Bosley*, 403 F.3d at 676 (citing *Avery Dennison Corp. v.*  
 22 *Sumpton*, 189 F.3d 868, 873 (9th Cir. 1999)). Thus, the Court must compare "the  
 23 mark and the allegedly offensive domain name" to determine whether the Harmony  
 24 Marks and the Domain Name are identical or confusingly similar. *See N. Light Tech.*  
 25 *v. Northern Lights Club*, 97 F. Supp. 2d 96, 117 (D. Mass. 2000).

26 \_\_\_\_\_  
 27 <sup>7</sup> Although Plaintiffs contend the Harmony marks were "distinctive or famous" at  
 28 the time the Domain Name was registered, (Mem. 16), because Plaintiffs arguments  
 and allegations track the distinctiveness analysis, (*see generally* Mem.), the Court  
 exclusively examines whether the Harmony Marks are distinctive.

1 Here, Defendants registered the allegedly infringing Domain Name  
 2 www.HarmonyGelish.co.uk. (Compl. ¶ 4.) This domain name incorporates  
 3 Plaintiffs' registered trademark "Gelish" and part of Plaintiffs' registered mark  
 4 "Hand & Nail Harmony." (*See* Trademark Registrations 1-4.) Thus, while the  
 5 Domain Name is not identical to any of the Harmony Marks, because it is closely  
 6 related to the Harmony Marks and incorporates two of Plaintiffs' Registered  
 7 Trademarks, (Malynn Decl. ¶ 4), which themselves are frequently used by Plaintiffs  
 8 in close proximity to one another, (*see* Haile ¶ 6), the Court finds that the Harmony  
 9 Marks and Defendants' Domain Name are confusingly similar. *See N. Light Tech.*,  
 10 97 F. Supp. 2d at 117.

### 11 **iii. Bad Faith Intent**

12 As indicated, Congress identified nine non-exclusive factors to aid courts in  
 13 determining whether an alleged cybersquatter has acted in bad faith. *See* 15 U.S.C. §  
 14 1125(d)(1)(B)(i). Here, Plaintiffs argue that "enumerated factors (I)-(III), (V), and  
 15 (VIII) are highly indicative of Defendants' bad faith intent." (Mem. 18.) Those  
 16 factors are:

17 (I) [T]he trademark or other intellectual property rights of the person, if any,  
 18 in the domain name;

19 (II) the extent to which the domain name consists of the legal name of the  
 20 person or a name that is otherwise commonly used to identify that person;

21 (III) the person's prior use, if any, of the domain name in connection with the  
 22 bona fide offering of any goods or services; . . .

23 (V) the person's intent to divert consumers from the mark owner's online  
 24 location to a site accessible under the domain name that could harm the  
 25 goodwill represented by the mark . . . for commercial gain . . . by creating a  
 26 likelihood of confusion as to the source, sponsorship, affiliation, or  
 27 endorsement of the site; . . .  
 28

(VIII) the person's registration or acquisition of multiple domain names which the person knows are identical or confusingly similar to marks of others that are distinctive at the time of registration of such domain names, or dilutive of famous marks of others that are famous at the time of registration of such domain names, without regard to the goods or services of the parties[.]

15 U.S.C. § 1125(d)(1)(B)(i). The Court examines each of those factors below.

Factor (I), which examines the alleged cybersquatter's trademark or other intellectual property rights in the domain name, *see* 15 U.S.C. § 1125(d)(1)(B)(i)(I), supports a finding of bad faith intent on the part of Defendants because Plaintiffs are the only owners and licensors of the Harmony Marks. (Haile Decl. ¶¶ 4-5.) Factor (II) also suggests bad faith because the Domain Name [www.HarmonyGelish.co.uk](http://www.HarmonyGelish.co.uk) does not include any part of the name with which Defendants associate: "Rockstar Nails." *See* 15 U.S.C. § 1125(d)(1)(B)(i)(II). (*See* Haile Decl. ¶¶ 16, 18; Malynn Decl. ¶ 2.) Factor (III), which considers the alleged cybersquatter's prior use of the domain name in connection with the bona fide offering of goods or services, *see* 15 U.S.C. § 1125(d)(1)(B)(i)(III), further supports a finding of bad faith intent because the only sales resulting from Defendants' Domain Name appear to be unauthorized sales of Harmony Products.<sup>8</sup> (Haile Decl. ¶ 20; Malynn Decl. ¶¶ 2, 4.) Factor (VIII), which looks at whether the alleged cybersquatter used misleading information when applying for the domain name, *see* 15 U.S.C. § 1125(d)(1)(B)(i)(VIII), also appears to favor a finding of bad faith intent because Defendants registered the Domain Name to the Bismarck Address even though neither Rockstar Nails nor International Nail Co. are organized under the laws of North Dakota or registered to do business in North Dakota. (Malynn Decl. ¶ 6.)

<sup>8</sup> In his declaration, Malynn states that Defendants' Website does not appear to advertise or offer any nail care products apart from Harmony Products. (Malynn Decl. ¶ 4.)

1 Factor (V), which examines the alleged cyberquatter's "intent to divert  
2 consumers from the mark owner's online location" to the cybersquatter's domain  
3 name "for commercial gain" and in a way that "could harm the goodwill represented  
4 by the mark . . . by creating a likelihood of confusion as to the source, sponsorship,  
5 affiliation, or endorsement of the [allegedly infringing domain name]," 15 U.S.C. §  
6 1125(d)(1)(B)(i)(V), also suggests bad faith on the part of Defendants. Defendants,  
7 who are unaffiliated with Plaintiffs, are selling Harmony Products on their Domain  
8 Name and deriving income from that sale. (*See* Haile Decl. ¶¶ 16-18, 20; Fernandez  
9 Decl. ¶¶ 3-5.) These unauthorized sales harm Plaintiffs' relationships with their  
10 authorized distributors and create a risk that the Harmony Products will be  
11 improperly applied by untrained, inexperienced persons, resulting in "a degradation  
12 of the quality and safety associated with the Gelish brand." (Mem. 18; *see* Haile  
13 Decl. ¶¶ 3, 9-10, 22-23; Malynn Decl. ¶ 4.) Thus, it appears that Defendants' sale of  
14 Harmony Products via the subject Domain Name and Website is for commercial  
15 gain and could harm the goodwill associated with the Harmony Marks. Specifically,  
16 Defendants could damage Plaintiffs' relationship with their authorized distributors,  
17 who are not permitted to sell Harmony Products online, (Haile Decl. ¶ 22), and  
18 increase the odds that consumers will perceive Harmony Products as poor quality,  
19 ineffective, or injurious. *See* 15 U.S.C. § 1125(d)(1)(B)(i)(V).

20 Finally, Plaintiffs argue that Defendants' use of the Domain Name solely to  
21 reproduce Plaintiffs' copyrighted works, as well as advertise and sell Harmony  
22 Products, supports a finding of bad faith intent. (Mem. 19; *see* Malynn Decl. ¶ 4.)  
23 Courts have found that where "the only goods or services offered for sale on the  
24 website" appear to infringe upon the plaintiff's trademarks, such facts weigh in favor  
25 of finding bad faith intent. *See, e.g., Audi AG v. D'Amato*, 381 F. Supp. 2d 644, 666  
26 (E.D. Mich. 2005). Thus, Plaintiffs have demonstrated that Defendants are using the  
27 Domain Name in bad faith. Based on the foregoing, the Court finds that Plaintiffs  
28

1 are likely to succeed on the merits of their cybersquatting claim. *See Munaf*, 553  
2 U.S. at 676.

### 3 c. Trademark Infringement

4 Here, Plaintiffs' Complaint alleges a complaint for trademark infringement  
5 under section 32 of the Lanham Act ("Section 32"). (Compl. ¶¶ 70-76.) "Section 32 .  
6 . . . provides the registered owner of a trademark with an action against anyone who  
7 without consent uses a 'reproduction, counterfeit, copy, or colorable imitation' of the  
8 mark in such a way that 'is likely to cause confusion or to cause mistake, or to  
9 deceive.'" *Enesco Corp. v. Price/Costco Inc.*, 146 F.3d 1083, 1085 (9th Cir. 1998)  
10 (quoting 15 U.S.C. § 1114(1)) (footnote omitted). "To establish a trademark  
11 infringement claim under [Section 32] . . . [the plaintiff] must establish that [the  
12 defendant] is using a mark confusingly similar to a valid, protectable trademark of  
13 [the plaintiff's]." *Brookfield Commc'ns, Inc. v. W. Coast Entm't Corp.*, 174 F.3d  
14 1036, 1046 (9th Cir. 1999) (citing *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348  
15 (9th Cir. 1979)) (footnote omitted).

16 As indicated above, because several of the Harmony Marks are registered  
17 with the PTO, (*see generally* Trademark Registrations), Plaintiffs have made a  
18 prima facie showing that they have a valid, protectable interest in the registered  
19 Harmony Marks.<sup>9</sup> *See Applied Info. Serv. Corp. v. eBay, Inc.*, 511 F.3d 966, 970  
20 (9th Cir. 2007) (footnote omitted). Thus, the Court next examines whether  
21 Defendants have used the Harmony Marks in a way that is likely to cause confuse or  
22 mistake, or to deceive. *See Enesco*, 146 F.3d at 1085.

23 As a general matter, "[a] trademark owner's right under the Lanham Act to  
24 control distribution of its own products is limited by the 'first sale' doctrine." *Id.*  
25 (citing *Sebastian Int'l, Inc. v. Longs Drug Stores Corp.*, 53 F.3d 1073, 1074 (9th Cir.  
26

27 <sup>9</sup> Importantly, "[a] registered trademark holder's protectable interest is limited to  
28 those goods or services described in its registration." *eBay*, 511 F.3d at 970  
(citations omitted)

1 1995)). Under the "first sale" doctrine, "resale by the first purchaser of the original  
2 article under the producer's trademark is generally neither trademark infringement  
3 nor unfair competition," because "trademark law is designed to prevent sellers from  
4 confusing or deceiving consumers about the origin or make of a product," and such  
5 "confusion ordinarily does not exist when a genuine article bearing a true mark is  
6 sold." *Enesco*, 146 F.3d at 1085 (citations and quotation marks omitted). Courts,  
7 however, recognize a "quality control" exception to the first sale doctrine where  
8 "[d]istribution of a product that does not meet the trademark holder's quality control  
9 standards may result in the devaluation of the mark by tarnishing its image." *Id.* at  
10 1087 (citing *Warner-Lambert Co. v. Northside Dev. Corp.*, 86 F.3d 3, 6 (2d Cir.  
11 1996); *El Greco Leather Prods. Co., Inc. v. Shoe World, Inc.*, 806 F.2d 392, 395 (2d  
12 Cir. 1986)). This theory exists because "[o]ne of the most valuable and important  
13 protections afforded by the Lanham Act is the right to control the quality of the  
14 goods manufactured and sold under the holder's trademark." *El Greco*, 806 F.2d at  
15 395. Thus, if a defendant is distributing the trademark holder's goods in a way that  
16 does not meet the trademark holder's quality control standards, and such conduct  
17 may devalue the mark by tarnishing its image, "the non-conforming product is  
18 deemed for Lanham Act purposes not to be the genuine product of the holder, and  
19 its distribution constitutes trademark infringement." *Warner-Lambert*, 86 F.3d at 6;  
20 *Enesco*, 146 F.3d at 1085. Plaintiffs argue that, under the particular circumstances of  
21 this case, the quality control exception to the first sale doctrine applies. (Mem. 20.)  
22 The Court agrees.

23 Harmony has shown that it takes special care to assure the quality of the  
24 Harmony Products by selling them directly to professional boutiques and salons  
25 through its qualified distributors. (Haile Decl. ¶¶ 3, 8.) Limiting its sales to these  
26 networks "is important to help ensure that the Gelish brand products are applied and  
27 removed properly," and to avoid the risk of marred finishes or even injury  
28 associated with improper applications by inexperienced or unqualified persons.

1 (Haile Decl. ¶¶ 3, 9-10.) To assure the proper use of its products, Harmony does not  
 2 sell its products over the internet, and its distributors are prohibited from selling  
 3 Harmony Products to unauthorized distributors, re-distributors, or diverters. (Haile  
 4 Decl. ¶ 10.) By contrast, Defendants sell allegedly infringing Merchandise on the  
 5 Website and remove the batch codes Plaintiffs have laser-etched onto their products.  
 6 (Haile Decl. ¶¶ 18, 20; Malynn Decl. ¶¶ 2, 4, 8.) The obliteration of Plaintiffs' batch  
 7 codes, in turn, undermines Plaintiffs' ability to determine the source of Defendants'  
 8 Merchandise and thereby thwarts Plaintiffs' efforts to assure quality control by  
 9 managing the networks through which consumers can acquire Harmony Products.  
 10 (Haile Decl. ¶ 20; Malynn Decl. ¶ 8.) Based on the foregoing, the Court finds that  
 11 the quality control exception to the first sale doctrine applies to Defendants' sale of  
 12 the Merchandise, *see Warner-Lambert*, 86 F.3d at 6, and Plaintiffs are likely to  
 13 succeed on their trademark infringement claim. *See Munaf*, 553 U.S. at 676.

14 **d. Unfair Competition under the UCL**

15 The UCL's scope is "broad," *Cel-Tech Commc'ns, Inc. v. L.A. Cellular Tel.*  
 16 *Co.*, 20 Cal. 4th 163, 180 (1999), and its provisions prohibit "unfair competition" in  
 17 the form of "any unlawful, unfair or fraudulent business act or practice." Cal. Bus. &  
 18 Prof. Code §§ 17200, *et seq.* Further, "[b]ecause section 17200's definition is  
 19 'disjunctive,' the statute is violated where a defendant's act or practice is unlawful,  
 20 unfair, [or] fraudulent." *S. Bay Chevrolet v. Gen. Motors Acceptance Corp.*, 72 Cal.  
 21 App. 4th 861, 878 (1999) (citation omitted); *see also Perea v. Walgreen Co.*, 939 F.  
 22 Supp. 2d 1026, 1040 (C.D. Cal. 2013) ("Each prong of the UCL is a separate and  
 23 distinct theory of liability.") (citation and footnote omitted). "By proscribing any  
 24 unlawful business practice, section 17200 borrows violations of other laws and  
 25 treats them as unlawful practices that the [UCL] makes independently actionable."  
 26 *Cel-Tech*, 20 Cal. 4th at 180 (citation and quotation marks omitted).

27 Here, the Court has found that Plaintiffs are likely to succeed on their  
 28 copyright infringement, cybersquatting, and trademark infringement claims.

1 Because Plaintiffs have shown that Defendants' conduct likely violates the  
 2 Copyright and Lanham Acts, the UCL makes these unlawful practices  
 3 independently actionable. *See Cel-Tech*, 20 Cal. 4th at 180. Thus, the Court finds  
 4 that Plaintiffs are likely to succeed on the merits of their UCL claim. *See Munaf*,  
 5 553 U.S. at 676.

## 6 **2. Likelihood of Irreparable Harm**

7 With regard to irreparable harm, Plaintiffs argue that "[w]here a plaintiff  
 8 demonstrates a substantial likelihood of success on the merits of an infringement  
 9 action, as is the case here, the plaintiff will normally be presumed to suffer  
 10 irreparable injury and be entitled to preliminary injunctive relief." (Mem. 21.)  
 11 Although the Ninth Circuit once held that "[i]rreparable injury is ordinarily  
 12 presumed upon a showing of a likelihood of success" in the trademark infringement  
 13 context, *Abercrombie & Fitch Co. v. Moose Creek, Inc.*, 486 F.3d 629, 633 (9th Cir.  
 14 2007), in the wake of *Winter*, the Ninth Circuit has concluded that the likelihood of  
 15 irreparable harm must be shown by Plaintiffs, not merely presumed by the Court.  
 16 *See Herb Reed Enters., LLC v. Fla. Entm't Mgmt., Inc.*, 736 F.3d 1239, 1249 (9th  
 17 Cir. 2013). This is true whether Plaintiffs are seeking an injunction pursuant to their  
 18 copyright or trademark infringement claims. *See id.*; *Flexible Lifeline Sys., Inc. v.*  
 19 *Precision Lift, Inc.*, 654 F.3d 989, 998 (9th Cir. 2011).

20 For the following reasons, the Court finds that Plaintiffs have shown that,  
 21 absent injunctive relief, irreparable harm is likely. First, with regard to their  
 22 trademark infringement claim, "[e]vidence of loss of control over business  
 23 reputation and damage to goodwill could constitute irreparable harm." *Herb Reed*,  
 24 736 F.3d at 1249 (citing *Stuhlbarg Int'l Sales Co., Inc. v. John D. Brush & Co., Inc.*,  
 25 240 F.3d 832, 841 (9th Cir. 2001)). Here, Plaintiffs have presented evidence that  
 26 they use their distribution agreements to carefully control the sale of Harmony  
 27 Products and assure that only boutiques, salons, and licensed cosmetologists sell,  
 28 apply, and remove their gel polish. (Haile Decl. ¶¶ 3, 9, 10.) In order to assure the

1 proper use of its products, Harmony does not engage in online sales despite  
2 marketing its products via the Internet. (Haile Decl. ¶¶ 10-12.) Although Harmony  
3 has not presented evidence of harm to its goodwill with customers, its President's  
4 declaration stating that authorized distributors have complained about the online sale  
5 of the allegedly infringing Merchandise evinces a likelihood that Harmony's  
6 relationships with its authorized distributors, and its distribution network generally,  
7 will be damaged by Defendants' activities. (Haile Decl. ¶¶ 1, 22-23.)

8 Further, in the copyright context, "where it will be impossible to collect an  
9 award for past and/or future infringements perpetrated by a defendant," courts have  
10 found that the likelihood of irreparable harm warrants injunctive relief. *Metro-*  
11 *Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd.*, 518 F. Supp. 2d 1197, 1217 (C.D.  
12 Cal. 2007); *see also Lava Records LLC v. Ates*, No. CV 05-01314 JJ, 2006 WL  
13 1914166, at \*3 (W.D. La. July 11, 2006) (finding that "the need to prevent  
14 irreparable harm to Plaintiffs, which will not be remedied by a damage award that  
15 may or may not be collectible," in part, warranted injunctive relief). Here,  
16 Defendants have endeavored to prevent Plaintiffs from discovering their identities  
17 by obliterating the batch codes from Plaintiffs' products, (Haile Decl. ¶ 21; Malynn  
18 Decl. ¶ 8), and registering the Website's Domain Name to a Bismarck Address  
19 despite that neither Rockstar Nails nor International Nail Co. are registered as North  
20 Dakota business entities. (Malynn Decl. ¶ 6.) Defendants' efforts to mask their  
21 activities have necessitated that Plaintiffs retain an Investigator in order to discern  
22 Rockstar's identity and location, (*see* Haile Decl. ¶ 19; Fernandez Decl. ¶¶ 1-5;  
23 Malynn Decl. ¶¶ 7, 10), and, absent injunctive relief, Defendants may abscond with  
24 the proceeds derived from their infringing activities by transferring their online  
25 business and accounts outside of this Court's jurisdiction. (Malynn Decl. ¶ 11.)

### 26 3. Balance of Equities

27 In balancing equities between parties, the Court must weigh the effect of harm  
28 to either party. *Earth Island Inst. v. Carlton*, 626 F.3d 462, 475 (9th Cir. 2010)

1 ("The assignment of weight to particular harms is a matter for district courts to  
2 decide."). The Court also examines the degree to which parties have acted in good  
3 faith and whether the moving party's need for an injunction is self-imposed.

4 Here, Plaintiffs argue that although they will likely suffer irreparable harm  
5 absent injunctive relief, Defendants will either suffer: (1) no injury, because they  
6 lack a cognizable legal interest in the Domain Name and Plaintiffs' Marks and  
7 Works, (Haile Decl. ¶¶ 4-5, 14, 16; Malynn Decl. ¶ 2-4); or (2) "limited, purely  
8 monetary" injury as the result of the Court temporarily freezing their assets and use  
9 of the Domain Name. (Mem. 22.) The Court agrees. Because the Court has found  
10 that Plaintiffs are likely to suffer irreparable harm absent injunctive relief the Court  
11 finds that any injury Defendants may suffer if they are wrongfully enjoined is likely  
12 to be temporary and monetary in nature. Thus, the Court finds that the balance of the  
13 equities favors Plaintiffs.

#### 14 **4. Public Interest Considerations**

15 Finally, in determining whether to grant injunctive relief, the Court considers  
16 the effect of an injunction on the public at large. In making this determination, the  
17 Court "primarily addresses impact on non-parties rather than parties." *Sammartano*  
18 *v. First Judicial Dist. Ct., in & for Cnty. of Carson City*, 303 F.3d 959, 974 (9th Cir.  
19 2002) (abrogated on other grounds by *Winter*, 555 U.S. at 24). Because the public  
20 interest favors protecting trademarks and copyrights against infringement, *see*  
21 *Brookfield*, 174 F.3d at 1066; *Grokster*, 518 F. Supp. 2d at 1222, the Court finds that  
22 the public interest weighs against granting injunctive relief.

#### 23 **5. Preliminary Injunction Conclusion**

24 For the aforementioned reasons, the Court finds that Plaintiffs have shown  
25 that they are (1) likely to succeed on the merits of their claims; (2) likely to suffer  
26 irreparable harm in the absence of preliminary relief; (3) that the balance of equities  
27 tips their favor; and (4) that an injunction is in the public interest. *See Winter*, 555  
28 U.S. 7, 20. Further, courts are empowered to freeze a defendant's assets in order to

1 assure that the possibility that the plaintiff may be awarded equitable relief,  
 2 including lost profits. *See Reebok*, 970 F.2d at 559; *Roederer v. Treister*, 2 F. Supp.  
 3 3d 1153, 1163 (D. Or. 2014) ("[A] Court has the power to issue a preliminary  
 4 injunction in order to prevent a defendant from dissipating assets in order to  
 5 preserve the possibility of equitable remedies") (citation omitted).

### 6 **III. ORDER FOR PRELIMINARY INJUNCTION**

7 IT IS HEREBY ORDERED that Defendants, their officers, agents, servants,  
 8 employees, attorneys, and any other person or entity who is in active concert or  
 9 participation with any of Defendants, including but not limited to PayPal, Inc.  
 10 ("PayPal"), Stamps.com, Inc. ("Stamps.com") and the host of the Website  
 11 (collectively, the "Enjoined Parties"), are preliminarily enjoined and restrained  
 12 pending trial of this action from:

- 13 1. Operating any website at or with the domain name  
 14 [www.harmonygelish.co.uk](http://www.harmonygelish.co.uk) or any other domain name which is  
 15 confusingly similar or likely to lead consumers to believe that  
 16 Defendants are affiliated with Plaintiffs or licensed to use their  
 17 trademarks, including Hand & Nail Harmony® and/or Gelish®  
 18 (the "Infringing Websites");
- 19 2. Reproducing, publishing or displaying any of Plaintiffs'  
 20 copyrighted works, including those identified by U.S. Copyright  
 21 Registration Nos. VA-1-880-732, VA 1-880-751, VA 1-880-769,  
 22 VA 1-880-736, VA 1-880-744, VA 1-874-516, VA 1-880-735, VA  
 23 1-880-747, VA 1-874-655, VA 1-880-730, VA 1-880-109, 1-880-  
 24 731, VA 1-880-748, VA 1-880-728, VA 1-880-668, VA 1-880-  
 25 742, VA 1-880-745, VA 1-880-698, and VA 1-880-740 (the  
 26 "Harmony Works"), or any artwork substantially similar to the  
 27 Harmony Works;  
 28

3. Selling or offering for sale any goods manufactured, promoted and/or sold by Harmony (the “Harmony Goods”) that have been altered through the removal or obstruction of serial codes on a container or bottle otherwise visible upon inspection;
4. Transporting or shipping any Harmony Goods in violation of the Hazardous Materials Transportation Act of 1975;
5. Transferring, selling, relocating or otherwise hypothecating any assets in any accounts, including any accounts with PayPal or Stamps.com, related to the Infringing Websites, except to transfer, interplead or deposit said assets with the Court; and
6. Transferring, selling, relocating or otherwise hypothecating the Infringing Websites and/or any related domain name, or registering or purchasing any other domain name which is confusingly similar with the Harmony Marks, except to transfer the domain name to Plaintiffs or deposit the domain name with the Court.

IT IS FURTHER ORDERED that any and all third-party vendors, such as PayPal and Stamps.com, and any other business or entity affiliated with notice of this Order, pending further order of the Court, shall continue to hold all funds frozen pursuant to this Court's prior TRO in this action until further order of the Court.

5. James Otis

DATED: May 22, 2015

The Hon. S. James Otero  
UNITED STATES DISTRICT JUDGE